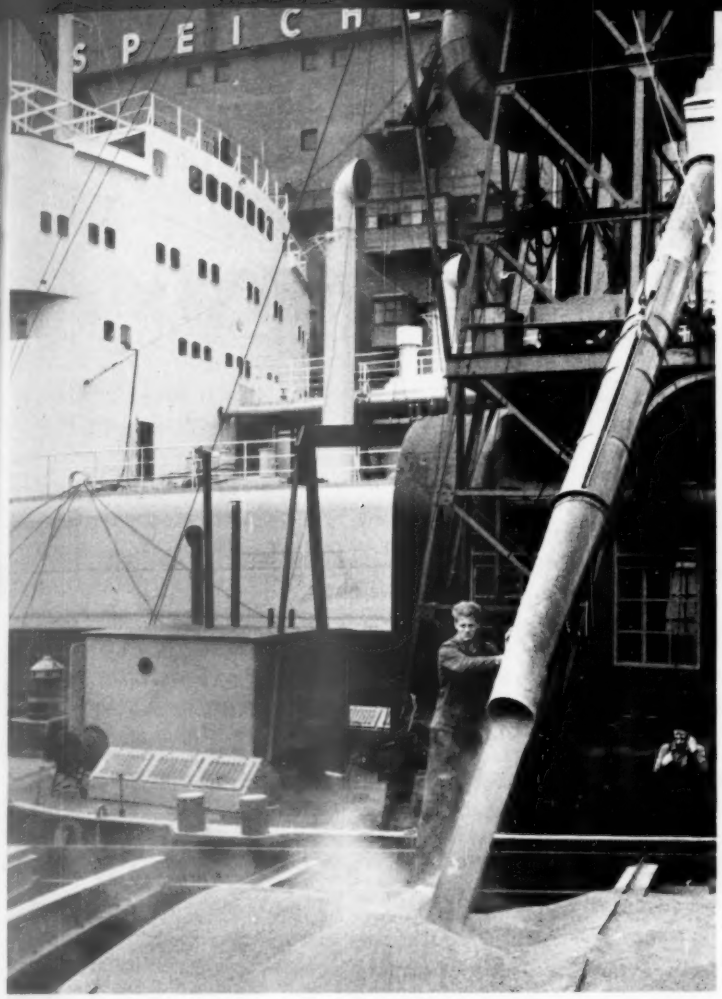


JUNE 15, 1964

OUR FARM TRADE WITH WEST GERMANY

MORE HOPS GROWN AS WORLD DEMAND RISES

WHY U.S. FEED GRAIN SALES ARE MOUNTING

THE UNIVERSITY OF MICHIGAN
1964
PERIODICAL READING ROOM

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

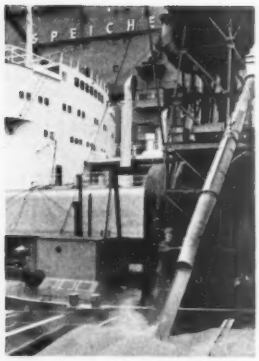
A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

JUNE 15, 1964

VOL II • NUMBER 24



U.S. grain is unloaded at port of Hamburg onto barge which will carry it into the heart of West Germany. See article next page.

Contents

3 Highlights of Our Agricultural Trade in the Big West German Market

5 More Hops Grown as World Demand Continues To Rise

7 Mainland China Holds Key to Future Trade in Rice

7 U.S. Imports of Beef and Veal To Drop to 5-Year Average

8 Italian Tomato Canneries Find Business Good at Home and Abroad

9-11 Market Development

- Economic Growth and Market Development Seen Big Factors in Rising U.S. Feed Grain Exports
- Dairy Society and FAS Broaden Market Promotion in Chile
- Beef Exhibition in London Will Promote Sales Abroad by U.S. Livestock and Meat Industries
- Health-Through-Citrus Leaflet

12 World Crops and Markets (Commodity index on page 16)

Orville L. Freeman, Secretary of Agriculture

Dorothy H. Jacobson, Assistant Secretary for International Affairs

Raymond A. Ioanes, Administrator, Foreign Agricultural Service

Editor: Alice Fray Nelson **Associate Editor:** Ruth A. Oviatt

Advisory Board:

W. A. Minor, Chairman; Wilhelm Anderson, Burton A. Baker, Douglas M. Crawford, John H. Dean, F. Leslie Erhardt, David L. Hume, Robert O. Link, Kenneth W. Olson, Donald M. Rubel.

This magazine is published as a public service, and its content may be reprinted freely.

Foreign Agriculture is published weekly by the Foreign Agricultural Service, United States Department of Agriculture, Washington, D. C. 20250. Use of funds for printing this publication has been approved by the Director of the Bureau of the Budget (December 22, 1962). Yearly subscription rate is $7.00, domestic, $9.25 foreign; single copies are 20 cents. Orders should be sent to the Superintendent of Documents, Government Printing Office, Washington, D. C. 20401.

DEPOSITED BY THE
UNITED STATES OF AMERICA

Highlights of

Our Agricultural Trade In the Big West German Market

By PAUL G. MINNEMAN
U.S. Agricultural Attaché, Bonn

Lacking enough land to grow more than two-thirds of the food needed for its large and prosperous industrial population, West Germany is usually the world's third largest importer of agricultural products, ranking after Great Britain and the United States. It is natural therefore that it should be one of the best markets for U.S. farm commodities: last year, according to German data, it imported nearly one-half billion dollars' worth, and for some products it was our most important export outlet.

The 10 leading agricultural imports from the United States in 1963, each with a value of over $10 million, were as follows: Soybeans $111 million; tobacco $70 million; corn $40 million; poultry $25 million; wheat $23 million; cotton $20 million; canned fruit $19 million; oilmeal $18 million; barley $14 million; and cottonseed oil $12 million.

Ten other products, each with a value between $5 million and $10 million, were canned vegetables, rice, rye, variety meats, sorghum, tallow, cotton linters, juices, pulses, and hides.

Raw materials far ahead

Four products—grain, soybeans, tobacco, and cotton—accounted for two-thirds of total farm imports from the United States, and these combined with other raw materials for feeding or further processing made up three-quarters. The remaining one-fourth was composed of finished products for direct consumption—meat, poultry meat, fresh or processed fruit and vegetables, juices, dry beans and peas, nuts, and other products.

Supplementary products—those also produced in Germany—made up about 63 percent of the agricultural imports from the United States, complementary products the remaining 37 percent.

The United States in 1963 was the most important supplier of a number of agricultural products. It shipped over half of West Germany's imports of oilseeds and tallow, over 40 percent of the tobacco, rice, variety meats, canned fruit, and lentils, and over 30 percent of the feed grains, hops, and prunes. It was also the No. 1 supplier of raw cotton, but with only 16 percent of the total.

U.S. share of market smaller

Although West Germany's imports of food and agricultural products from the United States in 1963 totaled $483 million, this was about 9 percent less than in 1962 when imports of grain were unusually large (after the poor 1961 crop in Germany), and imports of U.S. poultry

Unloading U.S. soybeans in Hamburg

were at their peak. Nevertheless, they were still about 12 percent larger than the average for the 3 years 1959-61.

Also, while agricultural products accounted for about 25 percent of all German imports from the United States last year, this share is smaller than it has been in previous years—an indication that West Germany's requirements for food, feedstuffs, and raw fibers are not increasing as rapidly as the demand for industrial and finished consumer products.

Imports from EEC increase

Apparent in the decline in U.S. food imports are the effects of the European Economic Community's regulations. Last year was the first year since the EEC levy regulations began on July 30, 1962, for a number of important products, e.g., grain, pork, poultry meat, and eggs. In 1963 the share of imports from within the EEC increased—for grain from 11.5 to 25 percent, for poultry meat from 24 to 49 percent, and for eggs from 67 to 72 percent. Pork and hogs, however, declined slightly, from 57 to 56 percent.

Of all the EEC-levy controlled items, the share obtained from EEC countries increased from 27 percent in 1962 to 40 percent last year. These items, however, made up only about 22 percent of all the agricultural imports from EEC countries. In value the total (including non-levy items) rose $92 million. At the same time, imports from the United States dropped $48 million, and those from all other countries, $214 million.

The EEC countries supplied over half of the meat, eggs, cheese, butter, lard, fresh vegetables and fruit, and wine. They also shipped West Germany one-third of its feed grain imports.

The U.S. share dropped sharply in the case of poultry and also, but less sharply, for canned fruit, juices, and hides and skins. The greatest value declines from 1962 were a $34.6-million drop in feed grains and a $28.7-million drop in frozen poultry. Other lesser but still substantial declines occurred for tobacco, hides and skins, rice, canned pineapple and other fruits, and bread grains.

WEST GERMANY'S AGRICULTURAL IMPORTS [1]

Year	United States	European Economic Community	Others	Total
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*
1959	376	747	2,014	3,137
1960	450	857	1,977	3,284
1961	465	983	2,031	3,479
1962	531	995	2,385	3,911
1963	483	1,087	2,171	3,741
	Percent	*Percent*	*Percent*	*Percent*
1959	12.0	23.8	64.2	100.0
1960	13.7	26.1	60.2	100.0
1961	13.4	28.2	58.4	100.0
1962	13.6	25.4	61.0	100.0
1963	12.9	29.1	58.0	100.0

[1] Including W. Berlin. Agricultural imports exclude lumber and products made from hides and textiles. Dollar values calculated at DM 4.20 in 1959 and 1960, DM 4.05 in 1961 and DM 4.00 in 1962 and 1963.

Calculated from official West German data.

Germany's farm exports

West Germany has a deficit in most farm products; consequently, its agricultural exports are small. These, though, have been increasing steadily. In 1959 they totaled $326 million; in 1963, $424 million.

West Germany's agricultural shipments to the United States in 1963 were valued at about $34.5 million, or about one-twelfth of the country's total agricultural exports. They consisted mainly of bristles, beer, wine, hops, chocolate products, hides, and vegetable oils.

Further shifts toward larger buying from EEC countries may be expected as the intra-EEC duties and levies are reduced and eventually eliminated, and as additional new regulations become effective on dairy products, beer, rice, and tobacco. Of these products the last two are leading imports from the United States. The development of uniform EEC sanitary or health regulations and standards also may have adverse effects not yet determined. And obviously, a great deal depends on the outcome of the current GATT negotiations.

Prospects fairly good

For 1964 the outlook for West Germany's imports from the United States is reasonably good, when compared with 1963, for the most important products—soybeans, grain, tobacco, and cotton.

For grain, the outlook is varied. Wheat imports should be well maintained, partly because of Germany's relatively large exports of flour. Imported corn and sorghum are in a fairly good price and levy position in relation to barley.

Tobacco imports should continue to hold up, and cotton, which has lost ground in recent years, should do much better this year if U.S. cotton prices can be kept competitive.

Imports of U.S. poultry have shown a tendency recently to stabilize around 20 percent of total poultry imports, and this level may be expected again in 1964.

WEST GERMANY'S TOTAL IMPORTS,[1] AND PERCENT AGRICULTURAL

Year	Agricultural	Nonagricultural	Total	Percent agricultural
From United States:	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
1959	376	714	1,090	34.5
1960	450	973	1,423	31.6
1961	465	1,051	1,516	30.6
1962	531	1,229	1,760	30.2
1963	483	1,505	1,988	24.3
From all countries:				
1959	3,137	5,393	8,530	36.8
1960	3,284	6,891	10,175	32.3
1961	3,479	7,475	10,954	31.8
1962	3,911	8,464	12,375	31.6
1963	3,742	9,327	13,069	28.6

[1] Including W. Berlin. Agricultural imports exclude lumber and products made from hides and textiles. Dollar values calculated at DM 4.20 and 1959 and 1960, DM 4.05 in 1961, and DM 4.00 in 1962 and 1963.

Compiled from official West German foreign trade data.

More Hops Grown as World Demand Continues To Rise

The United States still ranks as No. 1 producer and exporter and should have no trouble retaining its markets, especially in the Latin American countries.

By ROBERT C. TORRENS
Fruit and Vegetable Division
Foreign Agricultural Service

Throughout the world, as populations increase and incomes rise, more beer is being consumed. This has strengthened the demand for hops, which in turn, is partly responsible for the world's hops output setting three new records in the last 6 years.

In 1963, production hit a peak of nearly 200 million pounds. The U.S. crop accounted for one-fourth of this, while three producers, the United States, West Germany, and the United Kingdom, were responsible for 60 percent of the harvest.

Not only is the United States the leading producer of hops; it is also the chief exporter, shipping about twice as much as West Germany, Yugoslavia, or Czechoslovakia, the next three largest exporters.

Foreign trade is very important to the U.S. hops grower. While beer consumption is rising in the United States just as it is everywhere else, domestic hops usage has been falling gradually. This is the result of a decline in the U.S. hopping rate—the amount of hops required to make 1 gallon of brew, which is today only about 3 pounds compared with 4 in 1950. As a result, domestic and foreign purchases of U.S. hops are now divided about evenly.

Mechanical harvesting

U.S. exports have risen steadily for the past 10 years, largely because of competitive prices. U.S. hops undersell European. The main reason is larger acreage permitting more efficient production and use of mechanical picking. U.S. acreage, for example, averages about 65 to 70 per grower contrasted with about 1.5 in Germany.

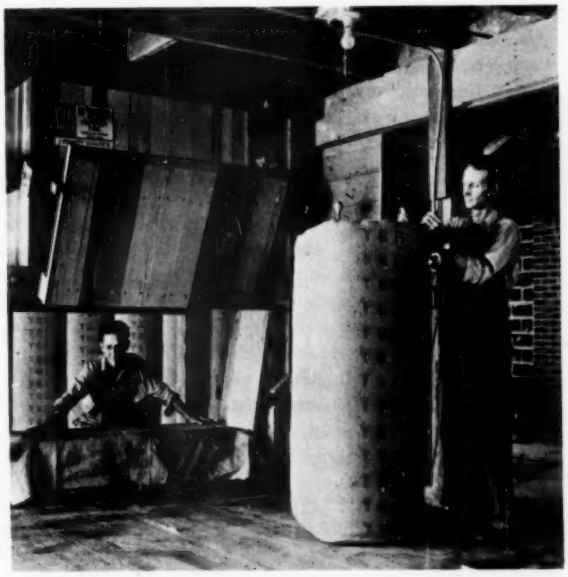
The advent of mechanical harvesting has greatly influenced hops-growing in the past decade. U.S. growers, forced by shortages of labor and resulting high costs, quickly accepted mechanical pickers. England and West Germany, mechanizing somewhat belatedly, have been at a competitive disadvantage, but are now almost fully mechanized. Yugoslavia and Czechoslovakia have only recently begun using mechanized pickers.

Despite fears that machine-picking would lower quality by damaging hop cones and would raise the leaf and stem content of the finished product, quality has actually been improved. Hops deteriorate rapidly if not picked quickly after they reach maturity. Mechanical picking speeds the harvest, thus helps improve quality.

Major markets for U.S. hops

Among customers for U.S. hops the Latin American countries are the most important single group. Nearby Mexico is usually the largest single customer. Canada and Brazil also rate among the top five in recent years, with Colombia high, as well.

Europe's imports have risen rapidly, from 16 percent of total U.S. shipments for the 1950-54 average to about 40 percent in 1961 and 1962. The increase has come mostly from countries outside the Common Market. Leading European buyers are West Germany, Ireland, and Czechoslovakia.



Above, treated hops are baled for storage. Right, mechanized picking operation; here U.S. harvesters cut the vines before hauling to stationary picker.

Still requiring human judgment is final step in cleaning and sorting of hops, here performed by hand on U.S. farm after machine operations in picking and recleaning.

West Germany's situation points up one of the peculiarities of hops trade. Many major exporting nations import too—the United States and West Germany, for instance, each about 5 million pounds a year. France, Belgium, Yugoslavia, and the United Kingdom are among other exporter-importers. The reasons are various: price and quality differentials, need for different hops for blending, advertising value of foreign hops, and shortages created by advance contracting.

Many other countries raise some of their own hops requirements, but most import the remainder. Of these, Canada and Japan are important customers of the United States. Japanese imports from the United States have shown a rapid rise—from around 300,000 pounds for the 5-year average 1950-54, to about 1 million by 1962.

Although Asia and Africa now take relatively small amounts of the U.S. crops, the percentage-rise over a period of time has been considerable, each area taking about three times as much as its 1950-54 average.

Production-and-price cycle

In spite of the definite upward trend in world hops production, the size of any particular crop depends mostly upon a 5-to-7-year production cycle. In years of shortage, hops prices, stimulated by strong demand, rise sharply, causing growers to increase their acreage, but because it takes 2 or 3 years for the vines to produce sufficiently to make up the shortage, prices do not tend to fall again for several years. Then as prices fall, growers—because of the very high costs involved in each year's output—may be discouraged from maintaining production. Their response is to tear out the vines, since untended these are a fruitful source of disease. Prices once more rise, reacting to decreased production.

The result is forward buying, a method of contracting for crops 1, 2, or 3 years ahead of production, which protects both grower and dealer. A large proportion of all U.S. hops is sold before harvesting. The picture is somewhat the same overseas; in Germany, up to 80 percent is thus sold.

Although purchase ahead of harvest tends to maintain production, storage for future use is not so profitable as for many crops. Hops lose about half their brewing value the first year of storage, so that it has been difficult to compensate for the production cycle by storing large quantities during years of surplus production, to be used during years of short crops and high prices.

A move in this direction may be evident, however. One U.S. brewer is now manufacturing and using a hops extract, and a new plant has recently opened in Yakima, Washington, which will greatly increase U.S. output of concentrates and perhaps open up new foreign markets for U.S. hops. Eventual output is anticipated close to that of its parent plant in Coburg, Germany, which last year processed 2.8 million pounds of hops.

If brewers were to accept concentrates as equal in quality to bulk hops, world hops production and prices might be more stable. It would have other advantages too. It takes only about 2.5 pounds of hops to produce 1 pound of concentrate, which, in turn, will replace about 3.5 pounds of hops in the brew.

Some European concentrate makers claim that their product, besides providing efficient extraction and utilization of essential components on the hop cone, also affords more economy in transportation, storage, and brewery use, and better quality-retention in storage. However, the concentrate has not yet gained widespread acceptance by brewers, so its fate cannot be predicted.

No drop in demand

For 1964, a large world crop and a U.S. crop about even with last year's are expected, but growing demand should prevent oversupply. As for the long-term trend, both output and use will probably continue upward.

Some factors which may affect the market in the future are increased use of concentrates and the possibility that Eastern Europe will adopt mechanical harvesting, in light of that area's inability to supply labor for harvesting the crop.

With regard to U.S. markets, exports to Latin America are likely to be maintained. The Common Market—largest outlet for U.S. hops—has not yet developed a common agricultural policy for this product.

Two markets—Japan and Spain—are attempting to achieve self-sufficiency. Mexico, which in recent typical years has taken 2 million to 3 million pounds, is engaged in hops research with a view to meeting its own needs eventually, if possible.

Mainland China Holds Key to Future Trade in Rice

With the capability of producing more than 40 percent of the world's rice, Mainland China holds the potential power to drastically influence world trade in this product. Such were the opinions expressed at the Eighth Session of the FAO Consultative Sub-Committee on the Economic Aspects of Rice, held in Rome this April.

The Committee's concern reflects the uncertainty about Chinese trade in rice that has prevailed ever since 1959. That year, China surprised the world by forging from an insignificant exporter into the position of world's second largest, with shipments totaling a record 1.7 million metric tons. That it did not retain the No. 2 position can be largely blamed on the adverse effects of "the big leap forward" and on weather, which since has played havoc with the Chinese crop, causing exports to plummet to a 1961 low of around 374,000 tons. Meanwhile, the Free World is left wondering what will happen when China's duel with the elements is ended.

Weather a 1963 problem

Through 1963, that question remained unanswered. According to unofficial estimates, that year's crop amounted to around 78 million metric tons, 2 million below the estimate for 1962 and considerably under the 113 million of the 1958 crop from which the record 1959 export came. Main decline last year was in the early rice crop, which constitutes about one-fourth of the total and which was said to have been damaged by drought and other unfavorable weather.

Exports from China in 1963, according to incomplete FAO estimates, were about 513,000 metric tons. This is less than a third of the record for 1959 and less than half the 1,182,000 tons shipped in 1960.

Known sales contracts for 1964 in April were 300,000 tons, including shipments of 200,000 tons under the annual rice-rubber barter deal with Ceylon. Also, Mainland China contracted to purchase 100,000 tons from Burma, apparently for export to Cuba.

Despite China's apparent lack of success thus far in building up its trade in rice, its potential remains. For instance, even with its reduced acreage of around 69.7 million acres, China in 1963 far outranked any other producer. The United States—generally third largest exporter—planted only 1.8 million acres to rice in 1962-63, and Thailand and Burma—other two largest exporters—only 15 million and 12.5 million respectively.

Chinese output far ahead

China's production likewise dwarfs that of the three top exporters. Its reduced 1963 outturn, estimated at 78.4 million metric tons, was over 25 times the U.S. 1962-63 output of some 3 million, around 8 times Thailand's 9.3 million, and almost 10 times Burma's 8.2 million.

In the event of recovery in China's production and trade, the Free World exporters can expect substantially increased competition in most markets. For Thailand, Burma, Cambodia, and the other Asian shippers of rice, the competition would be especially harsh. All these countries ship largely to Asian importers—the first markets Mainland China is likely to develop—and all depend on rice as a leading foreign exchange earner. For the United States, it would also mean stiff competition.

MAINLAND CHINA: MILLED RICE, EXPORTS[1] BY DESTINATION, 1959-62

Area and country	1959	1960	1961	1962
	1,000	*1,000*	*1,000*	*1,000*
Far East:	*m. t.*	*m. t.*	*m. t.*	*m. t.*
Ceylon	280	246	28	28
Hong Kong	63	76	126	[3]144
Indonesia	267	104	6	[2]40
Malaysia	27	62	110	95
Others	62	22	21	21
Total	699	510	291	328
Eastern Europe	178	138	30	—
USSR	[4]658	416	2	150
Africa and the Near East	67	20	37	38
Western Europe	64	78	14	17
Western Hemisphere	—	20	—	[3]30
Total	1,666	1,182	374	563

[1] Based on returns of importing countries. [2] Includes about 50,000 in transshipment to Indonesia. [3] Partly estimated. [4] Includes 147,000 tons reexported to Indonesia.
FAO-CCP/Rice/64/2,-April 15, 1964.

U.S. Imports of Beef and Veal To Drop to 5-Year Average

Beef and veal imports into the United States during 1964 are expected to be at about the 5-year 1959-63 average level, according to Secretary of Agriculture Orville L. Freeman. His statement indicated that this is the level of beef and veal imports advocated by many groups in the cattle industry. He noted that the reduced level of imports is being achieved without legislation and with the cooperation of major beef suppliers.

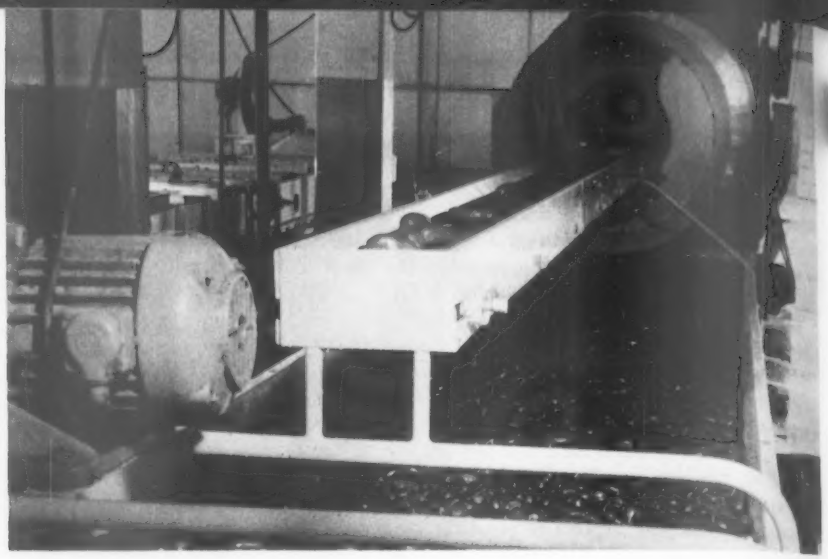
"I am pleased to announce," the Secretary said, "that imports of beef and veal this year are now expected to be at about the 1959-63 average level. This is the level advocated by many groups in the cattle industry. It is being accomplished without legislation, and with the cooperation of our major beef suppliers.

"Taking all our suppliers of beef and veal together, it now appears that shipments destined for the United States in this calendar year will be about one-fourth below 1963. The reduction previously had been estimated at about 20 percent.

"Beef exporting countries have recognized the commercial possibilities in the European market and have moved to fill that need to the mutual advantage of all countries concerned.

"U.S. farmers and ranchers appreciate the spirit of cooperation which the beef exporting countries have shown in connection with the crisis our farmers face with low beef prices."

As announced earlier, special arrangements have been completed with Australia, New Zealand, Ireland, and Mexico whereby each country voluntarily is reducing its shipments of beef and veal to the United States. In 1963 these shipments had reached abnormally high levels.



. Sauce for spaghetti and pizza in the making—tomatoes enter sorting bin at Naples cannery before being processed into puree, juice, and whole peeled tomatoes. These elongated, meaty-type tomatoes are raised in southern Italy.

Italian Tomato Canneries Find Business Good at Home and Abroad

From a small-time operation producing for limited local consumption, Italy's tomato canneries have become a big-time industry, manufacturing tomato products for a substantial domestic and overseas market.

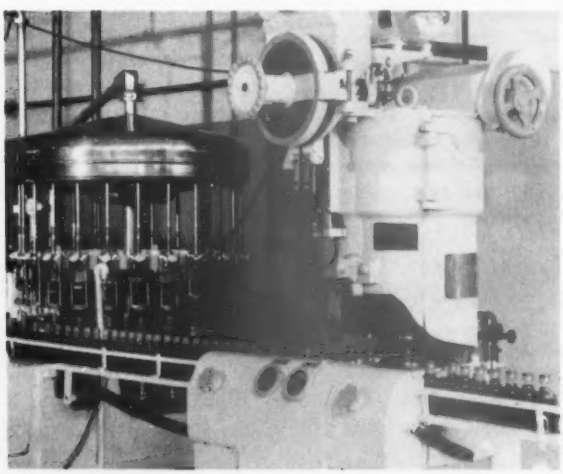
The industry began to grow after World War II, speeded along by larger urban populations and an expanding national economy. (At first, though, canneries had to overcome some consumer resistance since Italians seemed to believe that anything commercially processed had been salvaged from fresh produce markets.) Selling in the foreign market has also met with success—for the past several years, Italy has been the world's leading exporter of tomato products.

Backed by this acceptance, canneries have expanded output greatly and according to official estimates, now use about 55 percent of the domestic tomato crop. Production of whole peeled tomatoes in 1963 totaled 210,000 metric tons, up from 130,000 in 1950. In this same period, concentrated paste mounted from 88,000 to 160,000 tons, and juice from 2,000 to nearly 10,000 metric tons.

Of the three major tomato products, canned whole and tomato paste are the biggest export sellers. The United Kingdom ranks as Italy's best customer for both, and in 1963 it imported about 4 million cases of canned whole tomatoes and 2.2 million of paste. Italy's other big buyers are West Germany, Belgium-Luxembourg, the United States, and Canada.

The United States takes about 30 to 40 percent of Italy's exports of whole peeled tomatoes, usually ranking second after the United Kingdom. Other good markets for Italy's peeled tomatoes are Canada, West Germany, and various European countries.

Assembly line techniques step up tomato processing in Italy. Below, juice is bottled and capped by machine, and right, cans cool in huge tanks before labeling.



Economic Growth and Market Development Seen Big Factors in Rising U.S. Feed Grain Exports

Last month, John A. Schnittker, *USDA's Director of Agricultural Economics, spoke before the American Feed Manufacturers Association, Inc., at Chicago. Here are excerpts from his address.*

The world's food economy is a grain economy—and it will continue to be a grain economy as far into the future as we are now able to see. The decline of direct consumption of grain in favor of indirect consumption through meat, milk, and eggs actually increases the demand for grain. Thus, the expansion of the world's grain economy is guaranteed by the very process of economic growth.

The direct consumption of grains provides more than 50 percent of man's supply of calories — and, of course, indirect consumption of grain in the form of meat, milk, and eggs accounts for a large part of the remaining calories.

In countries like Communist China, the share of food energy derived from grain products, roots, and tubers reaches as high as 80 percent. Even in the United States where we eat so much meat, milk, eggs, fruits, and vegetables, about one-fourth of the food energy is still derived directly from grains, roots, and tubers.

Worldwide expansion

During this generation, broad changes have occurred in grain production and trade.

World output of grain increased 47 percent from 1934-38 to 1960-61. In North America and Oceania total grain production more than doubled.

The increase has been greater in the developed regions of the world and slower in the less-developed regions—greater in the Free World (59 percent) than in the Communist Bloc (29 percent).

On a per capita basis the situation has been even more divergent. Per capita output of grain increased by 44 percent in North America, by 19 percent in Western Europe, and by 8 percent in Africa. But it actually declined by 2 percent in Asia and by 16 percent in Latin America.

This is extremely important because it reveals North America—and especially the United States—as more and more the grain basket of the world.

In 1956-57, the United States exported 6.4 million metric tons of feed grains, or about one-third of the world total. This current year, the United States is exporting 2½ times as much —15.5 million metric tons—well over 50 percent of the world total.

In 1956-57, only $140 million worth—or 38 percent—of our feed grain exports were for dollars. This year, 85 percent of total U.S. feed grain exports are for dollars.

Second biggest U.S. farm export

Obviously something dramatic has happened. Why have feed grains now become our second biggest farm export, exceeded only by wheat and flour?

Two reasons stand out: the economic development of the already developed countries—or to put it another way, the booming prosperity of the countries of Western Europe and of Japan; and vigorous and effective market development efforts to promote feed grains—efforts carried out with industry-government cooperation.

Economic growth has stimulated demand for livestock products—and this, in turn, has increased demand for feed. Since the increased demand could not be met entirely by domestic production, world trade in feed spurted.

Demand highest in U.S.

The demand for feed grains is greatest by far in the United States, followed by other strongly developed countries, such as Western Europe and Japan—and followed at a distance by countries on the verge of take-off into large-scale development. Countries which still have only primitive economies have very limited demand for feed grains and almost none at all for feed grain imports.

It is axiomatic that economic growth is the way to a nation's ability to trade. Over the past two decades, imports of agricultural and other goods have shot up fastest in countries with the most rapid rate of industrial and general economic growth. A recent study by the Department indicates that for every 10 percent increase in a country's income per person, imports are likely to increase 10.6 percent. In other words, world trade expands at a slightly faster rate than world income.

But world trade in farm commodities tends to rise more rapidly with increases in income than total trade, which includes industrial goods. A 10-percent increase in income is likely to result in a 14-percent increase in imports of farm commodities.

Dollar sales lead

Farm products commercially imported, those bought for dollars, go up fastest of all. For every 10-percent increase in a country's income per person, U.S. commercial shipments of farm products, under certain conditions, are likely to rise about 16.5 percent.

This makes good economic sense. When income rises people who are not totally satisfied with their diets are likely to spend a large part of the increase on food—more food and better food. Recent studies of food purchases in India have shown that if the average family income is raised one dollar, more than 50 cents of it is spent for food and fiber.

U.S. stake in developing nations

The United States as a nation and you as members and representatives, of an exporting industry have a stake in the economic success of other nations. The economic growth of this nation and the foreign trade of the feed grain industry will be accelerated by economic development abroad.

We have a very real stake in helping the world's people achieve this decent life. We have a moral responsibility—but in addition we have an economic self-interest.

In the less developed countries of Africa, per capita income in 1959-60 was estimated to be only $107. How much farm produce can we sell commercially to a person in Africa with an annual income of $107? We know

the answer. In 1959-60 it was 16 cents worth. In the less developed countries of Asia, where per capita income was $110, our commercial sales of farm products that year were 20 cents per person.

Top customers

Now look at the developed nations. In Japan, per capita income was estimated at $315. We sold commercially $4.19 worth of farm products per person. In the Common Market countries of Europe (France, Italy, West Germany, the Netherlands, Belgium, and Luxembourg), per capita income was $783—and our commercial sales of farm products were $5.41. In the European Free Trade Area (the United Kingdom, the Scandinavian countries, Austria, Portugal, and Switzerland), income was $973—commercial sales $6.94. In Canada, per capita income was $1,589—dollar sales of farm products per person, $23.13.

Not only do we sell much more to nations with higher incomes, the proportion of sales is also far greater.

What could indicate more clearly our stake in world economic growth? There are large potential markets for our farm products in the emerging countries of Latin America, Asia, and Africa. But first we must help these countries grow.

Stimulants to growth

This is why the United States has been, and is, providing loans and grants of dollars, technical assistance, Food for Peace shipments, Peace Corps operations, and support for the FAO, the United Nations, the Alliance for Progress, the Colombo Plan, and other international approaches. Other economically developed countries are also providing assistance, though none on the scale of the United States.

While economic development appears to have been the most important factor in the doubling of world feed grain exports in less than a decade, it does not in itself explain the rise in the U.S. share of these exports. We know that demand for a product can exist, the product can be available, and that sales can be disappointing.

In this case, another factor was present and played an important role in raising the U.S. share of world feed grain exports from one-third a few years ago to well over one-half today. This was market development.

Extra sales effort has been supplied by the cooperative work of the U.S. Feed Grains Council and the Department of Agriculture. It is an effective partnership.

The Council is working with enthusiasm and intelligence through its offices in Rome, Rotterdam, London, Madrid, Hamburg, Athens, Bogota, and Tokyo. All the known techniques of market development are being employed: Feeding trials and demonstrations, technical assistance on feed and feeding including translation and dissemination of printed material, market surveys and other marketing assistance, portable feeding exhibits, promotions at trade fairs and trade centers, exchanges of industry and government officials, sponsorship of seminars, and in selected countries direct consumer promotion of livestock products.

Promotion in Italy

We have given considerable attention to the Italian dollar market in feed grain promotion. It is interesting to note that feed grain sales to Italy in fiscal 1963—over a million tons—were five times as large as they had been just 2 years earlier.

There is a similar story in Japan where U.S. exports have risen from 738,000 metric tons in 1958-59 to 1.4 million metric tons in 1962-63.

The Japanese are going in for more poultry and hog production. Consequently, the demand for formula feeds is expanding rapidly. Almost all the feed grains used in mixed feeds in Japan are imported. The total production of formula feeds in Japan last year is estimated at 5.8 million metric tons—up more than a million tons from 1962. This year, mixed feed production is estimated at 6½ million metric tons and it could easily reach 7 million.

Role of market development

The U.S. agricultural market development program is making important contributions to exports, not only of feed grains, but also of a wide variety of other products. More than 40 trade and agricultural organizations are cooperating with the USDA in this important work, putting in many millions of dollars annually to augment public funds and supplying the techniques, skills, and experience represented in supervisory personnel.

Economic development abroad and vigorous market development projects look like a winning combination for the future. Our present projections indicate that U.S. exports of feed grains may rise from 15.5 million tons this year to 18.5 million tons in 1967-68.

Western Europe, the United States' biggest and best market for feed grains, is on the brink of a technological agricultural explosion similar to the one which occurred in this country in the past 25 years. As the Common Market countries continue to surge ahead economically, their need and demand for feed grains is bound to rise.

The farmers of the Common Market grain-producing countries see in the increasing demand for feed grains and other crops an opportunity for prosperity—if they reduce the inflow of competitive feed grain imports. Such farmers are pressing for high domestic grain prices with variable import levies which would keep the cost of imported grains always above their domestic prices.

The United States, on the other hand, believes it not only in the U.S. interest, but in the best interests of the Common Market as a whole, that a reasonable access to the EEC feed grain market should be provided to exporting nations and that this access should grow as the market expands.

Lower trade barriers

We contend that trade barriers need to come down and that foreign governments need to let our products come in on an equitable basis.

The United States has such a highly efficient agriculture that Europe, as an industrial area, will have to think carefully about the effects of passing up more efficiently produced and lower-priced imports. Food costs help determine the level of wages, the level of wages helps to determine the cost of a manufactured product, the cost of a manufactured product determines one's ability to sell it competitively in the world market. And inflation is already a serious problem in the European competitive situation. This is the economic sequence that confronts Europe. It represents an important part of the U.S. bargaining strength in the world marketplace.

In summation, I believe that an expanded and aggressive overseas development program for feed grains, conducted in cooperation with producer and trade groups and stressing sales promotion, quality, marketing services and production at competitive prices cannot fail to be effective.

Dairy Society and FAS Broaden Market Promotion in Chile

School girls crowd milk bar in Valparaiso, Chile, where the Dairy Society carries on an "Operation Milk" program to up use of U.S. nonfat dry milk.

The opening of school milk bars in Valparaiso brings to three the number of Chilean cities now included in "Operation Milk"—a Dairy Society International-FAS market development program for U.S. nonfat dry milk in South America. The other cities are Santiago and Antofagasta.

The pilot Valparaiso project got underway in April when students from three cooperating high schools bought their first glasses of fresh milk during school hours at DSI-designed and installed bars. At one school, milk intake jumped from 10 to 90 quarts of milk in 3 days' time.

School Parent Clubs operate the bars and profits from milk sales finance scholarships, library book purchases, and other school activities. Local dairies under program contract supply reconstituted milk at a slight discount, and the Chilean Ministry of Health holds seminars on the nutritional value of milk and milk products. DSI coordinates the project, provides equipment, and organizes publicity.

Milk bars have also been opened in Santiago where "Operation Milk"—together with the Chilean Ice Cream Manufacturers Association — is already promoting ice cream during winter when consumption normally falls off sharply.

In Antofagasta, DSI concentrates on introducing consumers to fresh milk—relatively unknown in this arid northern area. Here, DSI and a new local recombining plant have organized a store-to-store, house-to-house selling and sampling campaign and are now extending their efforts to schools and hospitals as well.

Imports of nonfat dry milk are necessary to supplement Chile's limited local milk supply. U.S. shipments of this product to Chile in 1963 reached 30.6 million pounds—up from 12.8 million in 1962.

—JEROME M. KUHL
U.S. Agricultural Attaché, Santiago

Beef Exhibition in London Will Promote Sales Abroad by U.S. Livestock and Meat Industries

Quarters of U.S. beef are being exhibited for the first time in overseas markets during a special promotion early this week (June 16-17) in London.

The beef exhibit was prepared by the American Meat Institute, representing the U.S. livestock and meat industries in a foreign market development agreement signed with USDA May 26. The beef was shipped from New York June 5 aboard the U.S. Lines ship, American Courier, under special arrangement for fast transport.

Members of the U.K. meat trade have been invited to the Smithfield Market exhibit which features 42 quarters of U.S. beef in the Standard to low Choice grade range. A selection of loins, ribs, and kosher fores are also on display. A beef-grading expert from USDA is present at the exhibit along with market promotion specialists from government and private industry and the American Meat Institute.

The London beef exhibit is only one of the many efforts to expand sales of U.S. beef in Europe which will be undertaken under the recent foreign market development agreement. U.S. beef experts, after surveying conditions in Europe, are optimistic about sales of U.S. beef in the months immediately ahead. Although U.S. meat exports to European countries in the past have consisted largely of variety meats and other animal byproducts, several factors contribute to the optimistic outlook for sales of U.S. beef.

Beef supplies are currently short in Europe, consumer demand is rising, and fewer supplies are available from traditional foreign suppliers. Some beef-short countries of Europe also have lowered meat import barriers.

It is expected that European interest in U.S. beef will be directed mainly toward the leaner grades, Good and Standard. However, promotion will also be directed toward long-range development for higher grades.

Health-Through-Citrus Leaflet

Demand in Europe for an earlier leaflet promoting U.S. citrus fruit was so great that the California-Arizona Citrus League is readying a new mailing piece which will put greater emphasis on citrus' nutritional value.

The first leaflet—a reprint of a 4-page, four-color section which appeared last year in a leading fruit magazine—is now in its second printing, the original run-off of 25,000 having been largely exhausted. Published in three languages, the leaflet was designed particularly for foreign importers and distributors.

Canada Sells More Wheat to Communist China

The Canadian Minister of Trade and Commerce announced in May that an additional 40.1 million bushels of wheat had been sold to Communist China. Although the price was not announced it was reported to be around $1.85 per bushel. Terms are 25 percent cash after loading and the balance, with interest, in 18 months. (The rate of interest was not announced.) About 36.8 million bushels will be shipped from Pacific Coast ports during July-December of this year and the balance, from St. Lawrence River ports during May-December.

This brings sales for the year to 77.2 million bushels, leaving, under terms of the original contract, between 33.1 million and 106.6 million to be sold to China in the last 2 years of the contract period.

At the current rate of delivery, the maximum amount provided for in the contract will likely be shipped long before the end of the period.

Chinese Tung Oil Availabilities

Availabilities of Mainland Chinese tung oil for export this year are believed to be somewhat above the reduced levels of recent years. Annual production, which in recent years is believed to have declined significantly, may increase this year. However, it is believed this year's outturn will remain below the unofficial average of about 90,000 short tons for the 5 years from 1954-55 to 1958-59. Reportedly, about one-half of the Chinese outturn is needed for domestic utilization; the remainder is exported.

TUNG OIL: IMPORTS FROM MAINLAND CHINA, INTO SPECIFIED COUNTRIES

Importing country	Average 1955-59	1960	1961	1962 [1]	1963 [1]
	Short tons	*Short tons*	*Short tons*	*Short tons*	*Short tons*
Denmark	219	631	378	283	353
France	957	340	425	197	388
Germany, West	4,297	4,092	2,321	1,127	962
Italy	483	1,170	425	269	254
Netherlands	701	735	364	280	785
Norway	811	495	276	51	58
Sweden	1,128	1,130	1,101	676	898
United Kingdom	5,298	4,363	1,860	1,232	1,456
USSR	18,275	11,680	4,080	7,390	[2]8,150
Hong Kong	7,201	3,796	2,386	1,757	2,463
India	219	614	422	319	13
Japan	3,707	1,398	1,141	2,687	2,330
Australia [3]	1,795	1,323	1,292	1,079	1,208
New Zealand	259	252	262	[2]193	[2]193
Others [4]	2,752	2,204	265	187	218
Total	48,102	34,223	16,998	17,727	19,729

[1] Preliminary.
[2] Estimated.
[3] Twelve months ending June 30 of year shown.
[4] Includes Canada, Austria, Belgium, Poland, and Malaysia.
Compiled from official and other sources.

The USSR continues to be the major market, but with significant quantities moving also to Hong Kong and Japan. There are no exports of Chinese tung oil to the United States because of the U.S. embargo, in effect since December 1950, on trade with China.

The Chinese tung oil price, basis Rotterdam, which early this year was 27.5 U.S. cents per pound, or slightly above the price for Argentine tung oil, on May 23 declined to only 20.1 cents per pound, or slightly below the Argentine price. According to trade sources in Western Europe, trade with East European countries in recent months has been light, possibly reflecting traders' expectations of further declines. Stocks at Rotterdam are said to be low.

Early this year Japanese firms contracted for the purchase of 2,200 tons of tung oil from China to be shipped over a 1-year period, beginning in April 1964. Reportedly, Japanese paint and ink manufacturers prefer Chinese tung oil, which is shipped in drums, to bulk shipments from Argentina and are willing to pay a premium for it. Prices, which are fixed monthly 1 month in advance, are declining. This decline is reported to be the result of a strong export drive from China to acquire needed foreign exchange.

WORLD TUNG OIL IMPORTS

Year	Imports from Mainland China		Total imports	Average price of Chinese oil [1]
	Quantity	Percent of total		
	1,000 short tons	*Percent*	*1,000 short tons*	*U.S. cents per lb.*
Average 1955-59	48.1	66.2	72.7	19.6
Annual:				
1960	34.2	60.3	56.7	16.3
1961	17.0	37.7	45.1	28.5
1962	17.7	41.1	43.1	36.8
1963	19.7	43.3	45.7	35.7

[1] C.i.f. European ports.
Compiled from official and other sources.

Although world imports of tung oil from Mainland China in 1963 showed only moderate gains, the proportion of total imports supplied by China gained significantly from each of the 2 preceding years, owing not only to increased quantities from China but to reduced availabilities from other sources. However, China's share is still far lower than before 1960, when it was more than 60 percent of the total. Prices throughout 1963 remained at high levels, reflecting the reduced supplies of available oil.

India's Vanaspati Production Increases

India's production of vanaspati, the Indian counterpart of margarine, is estimated to have been 382,500 metric tons in calendar 1963 compared with 368,885 tons in 1962 and 174,600 in the opening year (1951) of the First Five-Year Plan. The production target for the Third Five-Year Plan is 500,000 tons. The industry has adequate capacity to meet this target, but the high prices of raw vegetable oils, which account for roughly 80 percent of the cost of production, are an inhibiting factor.

Vanaspati is a hydrogenated edible oil used in India as a substitute for ghee or clarified butter. It is consumed largely in cooking, seldom as a spread.

The vanaspati industry consumed an estimated 400,000 tons of vegetable oils in 1963, of which an estimated 86 percent was peanut oil, 6 percent sesame oil, and 8 percent cottonseed oil. The government requires that sesame oil account for at least 5 percent of the total oil used in vanaspati; this makes that product easier to detect when it is used as an adulterant in ghee. The utilization of the less costly cottonseed oil was recommended by a special committee in 1958 to reduce the demand on peanut oil and to encourage

larger crushing of cottonseed. The ultimate objective is to increase the industry's consumption of cottonseed oil to about 15 percent.

At the beginning of the Third Five-Pear Plan (1961-62), the vanaspati industry considered also using imported soybean oil, and subsequently 3,000 tons of it were imported for experimental purposes from the United States under Public Law 480. Vanaspati manufacturers have since found that they can use soybean oil advantageously in making vanaspati and have called upon the government to import additional quantities under P.L. 480.

Under the current voluntary price control, the vanaspati manuacturer is required to sell his product to the retailer at prices prescribed by the government and to ensure, as far as he can, that his dealers sell the product at prescribed retail prices. Exports of vanaspati are also subject to a schedule of minimum and maximum prices announced weekly by the government.

Exports of this product in 1963 totaled 3,959 tons, compared with 2,843 in 1962. Italy, Aden, and Australia were the major markets.

Colombia's Edible Fats and Oils Industry Growing

Colombia's edible fats and oils industry, which has made outstanding progress in recent years, is expected to make further gains in 1964.

Domestic production of oils will increase if present prospects for larger crops of sesame, soybeans, and cottonseed materialize, and officials predict that imports of copra and oils will decrease sharply. However, processors have indicated that Colombia will still need at least 25,000 tons of oils (including the oil equivalent of copra) if consumption and stocks are expected to be maintained at normal levels.

COLOMBIA'S SUPPLY AND DISTRIBUTION OF EDIBLE FATS AND OILS

Supply and distribution [1]	1962	1963	1964 [2]
	1,000 metric	*1,000 metric*	*1,000 metric*
Supply:	*tons*	*tons*	*tons*
Stocks, January 1 [3]	29.0	29.7	20.0
Production	47.5	51.3	61.2
Imports [4]	32.4	21.0	25.0
Total supply	108.9	102.0	106.2
Distribution:			
Exports	0	0	0
Domestic disappearance	79.2	82.0	84.6
Ending stocks, December 31	29.7	20.0	21.6
Total distribution	108.9	102.0	106.2
	Kg.	*Kg.*	*Kg.*
Per capita consumption	5.35	5.44	5.46

[1] Includes coconut, cottonseed, sesame, and soybean oils, lard, and "other." [2] Forecast. [3] Including uncrushed materials in stock. [4] Including hydrogenated oils.

In 1963, production of edible oils from domestically produced raw materials was at a record 51,254 metric tons, 8 percent more than the preceding year's outturn. The increase was due to larger harvests of sesame and soybeans. However, imports of vegetable oils were still necessary to meet consumer requirements. They totaled 21,041 tons, or about one-fifth of the total supply, but one-third less than imports in 1962.

In terms of raw materials, cottonseed is the most important of the domestically produced oilseeds. Commercial cottonseed production in 1964 is forecast at 124,500 tons compared with 110,000 tons a year earlier.

Oil production from it, however, is exceeded by that from sesame, which has a higher extraction rate.

Sesame production has boomed under the stimulus of favorable prices. This year's outturn is forecast at 50,000 tons against 35,000 last year.

Production of soybeans in 1964 is forecast at 34,000 tons (1.2 million bu.) compared with 30,000 (1.1 million) in 1962. A price incentive, as with sesame, has been the main factor responsible for the expansion.

Although coconut oil is one of the most important edible oils consumed in Colombia, domestic production of copra is only about 500 tons annually. Substantial quantities are imported. However, a government decree requires successive reductions in copra imports to stimulate self-sufficiency programs.

African oil palm continues to be one of the main crops being promoted under a Cotton Development Institute (IFA) development program aimed toward maximum self-sufficiency in vegetable oil production. However, the development of African oil palm production does not appear to be progressing as fast as had been hoped. As a result, IFA will have only 148,000 acres planted to African palm by 1970 instead of 247,000 as previously planned. In 1964, IFA expects to have 22,000 acres planted to African palm against 6,000 in 1963. Approximately 1,730 acres are in production and oil outturn averages about 400 to 450 tons annually.

Tunisia's Olive Oil Exports Up Slightly

Trade sources report that exports of edible olive oil from Tunisia in the first half of the 1963-64 marketing year (November 1-May 3) totaled 19,490 metric tons. This compares with 19,266 and 27,126 tons respectively in the same periods of 1962-63 and 1961-62 (*Foreign Agriculture*, Feb. 17, 1964).

Principal destinations for aggregate exports together with their approximate takings in metric tons were France 12,258, Libya 2,896, USSR 1,000, Czechoslovakia 953, Italy 634, and Poland 552.

Tunisia has in recent years ranked second as a major world exporter of olive oil.

Iran Expects an Average Almond Crop

The 1964 Iranian almond crop is forecast at 8,000 short tons, shelled basis. While considerably above the 5,500-ton crop of 1963, it is equal to the average production for 1958-62.

Owing to frost damage in Azerbaijan, Isfahan, and especially Ghazvin, the early spring condition of the crop was reported not as good there as in other producing areas.

Exports of almonds in the 1963-64 season are estimated at 4,400 short tons, shelled basis, compared with 5,500 in 1962-63.

West German Tender for Cocktail Maraschino Cherries

The West German Government has announced a tender for cocktail and maraschino cherries, permitting imports from the United States and Canada. The fruit is to be in glass, the content weighing not more than 8 ounces. Applications for import licenses will be accepted until the undisclosed value limit is used, but not later than December 30, 1964. Licenses will be valid until December 31 of this year, and the first day of customs clearance is July 1.

Portugal's Almond Crop Forecast Above Average

The 1964 Portuguese almond crop is forecast at 4,000 short tons, shelled basis. This is more than three times larger than the extremely small 1963 harvest of 1,200 tons and also above the 1958-62 average of 3,400.

Portuguese almond exports in the 1963-64 season are expected to decline to 1,800 short tons, shelled basis, from the 3,700 of 1962-63.

Australian Canned Deciduous Fruit at Record

The 1964 Australian canned deciduous fruit pack, now estimated at 7.7 million cases, is the largest on record, according to data recently revised. The previous high was the 7.6 million cases of 1962.

The Australian Canned Fruit Board has not yet released official estimates for 1964—but present indications point toward new record packs of peaches, pears, and mixed fruits. However, a below-average apricot pack is expected.

AUSTRALIAN PRODUCTION OF CANNED DECIDUOUS FRUITS

Canned fruit	Average 1958-62	1961	1962	1963	1964[1]
	1,000 cases[2]	*1,000 cases*[2]	*1,000 cases*[2]	*1,000 cases*[2]	*1,000 cases*[2]
Apricots	634	334	918	846	443
Mixed fruit	264	190	441	442	616
Peaches	2,196	1,675	3,259	3,339	3,450
Pears	2,459	2,621	3,006	2,653	3,210
Total	5,553	4,820	7,624	7,280	7,719

[1] Preliminary.

[2] Cases equal 24 No. 2½ cans.

India's Exports of Black Pepper Smaller

Exports of black pepper from India—the world's largest producer—during 1963 totaled 41.7 million pounds, 13.4 million below the record 1962 level. Exports to the Soviet Bloc increased nearly 29 percent, to 19.2 million pounds, while U.S. buying fell to almost one-third of the 1962 level. The USSR was the largest recipient, taking 11.3 million pounds, followed by the United States with 7 million.

Yucatan Honey Production Up

Honey production in the Yucatan Peninsula of Mexico may be at an alltime high in 1964, or at least match the record production of 1962. The crop is estimated at 15,000 metric tons. The states of Yucatan and Campeche account for about half of Mexico's production. Honey production will increase further in coming years because of the large irrigated citrus groves now growing in both of these States. Western Germany and the United Kingdom are the principal importers of Yucatan honey.

Austria Cuts Import Duties on Coffee and Tea

Austria's Finance Ministry has temporarily waived customs duties on unroasted coffee and tea as of May 15, 1964. Coffee importers, roasters, and dealers, in return, pledged to refrain from using the price increases on the world coffee market as an opportunity for increasing consumer prices in Austria, and to reduce prices for several popular coffee brands. To enforce adherence to this pledge, the Finance Ministry simultaneously cut the tariff rate applicable to roasted coffee from the equivalent of 34.8 U.S. cents per pound to 18.3.

The duty on unroasted coffee is equivalent to 10.4 U.S. cents per pound, about 27.5 percent ad valorem; that on tea, to 22.6 U.S. cents per pound, about 34 percent ad valorem. Based on 1963 imports, waiving these duties will cost the Austrian Government an estimated $3.7 million in revenues.

U.S. Cotton Exports Continue To Rise

U.S. exports of all types of cotton amounted to 4,195,000 running bales in the first three quarters (August-April) of the current season. This was 61 percent above the 2,613,000 bales exported in the same period of 1962-63. April exports totaled 400,000 bales, compared with 490,000 in the preceding month and 299,000 in April of 1963.

Registrations for exports in the 1963-64 season under the competitive-bid sales program including sales of "irregular" cotton and payment-in-kind and 1963-crop export registrations, totaled 5,108,000 bales through June 1. This compares with payment-in-kind registrations of 3,173,000 bales a year ago.

U.S. EXPORTS OF COTTON BY DESTINATION

Destination	Year beginning August 1				
	Average 1955-59	1961	1962	August-April 1962	August-April 1963
	1,000 running bales	*1,000 running bales*	*1,000 running bales*	*1,000 running bales*	*1,000 running bales*
Austria	33	33	13	10	15
Belgium & Lux	160	100	72	64	125
Denmark	17	13	13	11	10
Finland	22	21	13	11	9
France	360	300	180	151	318
Germany, West	475	204	101	88	359
Italy	416	376	192	169	344
Netherlands	124	106	71	67	109
Norway	10	13	10	8	12
Poland & Danzig	85	139	62	19	71
Portugal	28	18	7	6	25
Spain	171	155	(1)	(1)	14
Sweden	75	99	56	48	76
Switzerland	64	75	37	34	82
United Kingdom	525	270	139	122	220
Yugoslavia	108	175	113	113	13
Other Europe	17	9	3	4	32
Total	2,690	2,106	1,082	925	1,834
Australia	54	64	41	29	68
Canada	217	397	271	209	300
Chile	35	12	24	20	1
Colombia	33	1	1	1	8
Cuba	27	0	0	0	0
Ethiopia	4	13	15	15	9
Hong Kong	134	104	79	61	150
India	184	215	198	124	153
Indonesia	30	46	51	27	20
Israel	16	10	7	5	14
Japan	1,154	1,028	895	739	1,032
Korea, Rep. of	205	300	236	165	211
Morocco	10	14	8	6	13
Pakistan	14	39	8	(1)	4
Philippines	64	142	108	85	94
South Africa, Rep. of	26	52	19	14	27
Taiwan (Formosa)	153	256	223	128	129
Thailand	4	30	22	20	30
Uruguay	15	11	0	0	(1)
Venezuela	2	16	5	4	11
Vietnam[2]	2	30	36	29	52
Other countries	27	27	22	7	35
Total	5,100	4,913	3,351	2,613	4,195

[1] Less than 500 bales. [2] Indochina prior to 1958. Includes Laos and Cambodia.

French Factories Use More Tobacco

Use of unmanufactured tobacco in 1963 by factories of the French Tobacco Monopoly totaled a record 177 mil-

lion pounds—up 1.5 percent from the previous 1962 high of 174.3 million.

Use of U.S. leaf, at 6.7 million pounds, was down 9.4 percent from the 1962 level of 7.4 million. Smaller use of flue-cured, burley, and Maryland more than offset slight increases in that of Kentucky fire-cured and cigar filler (Puerto Rican).

Consumption of flue-cured dropped to 1.7 million pounds from 2.5 million in 1962, and that of burley, at 454,000 pounds, was only slightly over 60 percent of the 1962 level of 710,000. However, usings of Kentucky fire-cured rose from 4.0 million pounds in 1962 to 4.4 million in 1963. Also, usings of Puerto Rican cigar filler, at 131,000 pounds, were up about 38 percent from the 1962 figure of 95,000.

Use of oriental tobaccos last year turned downward after showing a steady upward trend since 1955. It amounted to 23.9 million pounds and represented 13.5 percent of total use, in contrast with 24.7 million and 14.2 percent in 1962.

Use of domestic leaf and imports from the Franc Zone countries continued to decline through 1963. Use of domestic leaf was down 3.3 percent to 86.7 million pounds, from the 89.7 million of 1962; that of Franc Zone leaf, to 15.1 million from 27.4 million.

The use of other Western Hemisphere leaf—mainly from Argentina, Brazil, Colombia, the Dominican Republic, Mexico, and Paraguay—rose to 23.9 million pounds from 17.2 million in 1962. Use of other foreign imported tobaccos — particularly from the Rhodesias-Nyasaland, India, the Philippines, and Poland—also rose substantially, to 15.0 million from 7.9 million.

Australia's Output of Tobacco Products Rising

Output of tobacco products in Australia during 1963 totaled 57.6 million pounds—up 2.8 percent from the 56.0 million produced during the previous year. The continued rise in cigarette production more than offset a further decline in smoking tobacco.

Cigarette output last year totaled 20.4 billion pieces and was almost 7 percent above the 1962 level of 19.1 billion. It represented 81.2 percent of total output of all products, compared with 78.5 percent in 1962.

Production of smoking tobacco continued to decline. Last year it amounted to 10.8 million pounds—down 10.2 percent from the 12.1 million produced in 1962.

Rhodesian Flue-Cured Auction Prices

Auction sales of 1964-crop flue-cured tobacco in Salisbury, Southern Rhodesia, totaled 98.2 million pounds through the first 11 weeks ending May 21, at an average price equivalent to 33.1 U.S. cents per pound. During the same period last year, sales were 91.2 million, at an average price of 45.9 cents.

Prices have strengthened a little since the low points of 30.8 cents, reached in the ninth week. They averaged 32.0 cents in the 10th week and 32.1 in the 11th.

Dutch Tobacco Imports Up in 1963

Gross imports of unmanufactured tobacco (direct plus withdrawals from bond) into the Netherlands in 1963 totaled 87.4 million pounds, compared with 68.8 million in 1962. Imports from major suppliers, with the exception of Italy, were above those for 1962.

The United States supplied 24.7 million pounds in 1963. This represented 28.3 percent of the total, compared with 29.4 percent in 1962.

Import prices for various unstemmed tobaccos from major supplying countries in 1963 (in terms of U.S. equivalents per pound) were as follows: U.S. flue-cured 60.7 cents, Rhodesian tobacco (mainly flue-cured) 38.0, Italian flue-cured, 43.8, U.S. Kentucky-Tennessee fire-cured 54.6, Italian fire-cured 31.1, U.S. burley 88.0, Italian burley 27.9, Brazilian tobacco 45.4, and Indonesian (Java)—imported via West Germany—77.8.

GROSS IMPORTS OF UNMANUFACTURED TOBACCO INTO THE NETHERLANDS, DIRECT AND FROM BONDED WAREHOUSES

Origin	1961	1962	1963
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	26,219	20,221	24,744
Rhodesias-Nyasaland	13,400	8,959	12,536
Germany, West [1]	16,036	10,562	11,876
Brazil	11,572	5,968	7,813
Belgium	4,066	4,659	5,196
Rep. of South Africa	3,417	1,770	5,159
India	3,428	2,595	3,485
Italy	3,997	4,074	3,294
Paraguay	842	670	1,689
Turkey	849	578	1,280
Dominican Republic	904	935	1,232
Argentina	511	604	1,087
Philippines	723	516	1,010
Greece	1,016	1,283	959
Cuba	946	483	816
Canada	106	481	604
Indonesia	3,655	849	234
Others	3,896	3,543	4,350
Total	95,583	68,750	87,364

[1] Mainly leaf of Indonesian origin.

French Tobacco Sales Up

Sales of tobacco products in Metropolitan France during 1963, at 154.7 million pounds, were up 2.3 percent from the 151.1 million pounds sold during the previous year. Larger sales of cigarettes and cigars more than offset the decline in the combined sales of cigarettes, cut tobacco, chewing tobacco, and snuff.

Cigarette sales, including imported brands, were 109.3 million pounds, or 3.5 percent above the 105.7 million of 1962. Sales of the Gauloises brands, exclusive of those sold to armed forces and hospitals, continued to rise and amounted to 68.8 million pounds in 1963, compared with 65.7 million in 1962. These brands during 1963 accounted for 66.6 percent of total domestic sales, compared with 66.2 percent during the previous year.

Combined sales of brands containing U.S. tobaccos, at 27.6 million pounds, were slightly above the 27.4 million pounds sold in 1962. Larger sales of the "Royales" brand plus a very slight increase in the Gitanes brands more than offset the decline in the combined sales of "Balto", "Week-End," Rallye," "High-Life," and "Parliament."

Sales of imported brands rose from 3.7 million pounds in 1962 to 4.1 million in 1963. Substantial increases occurred in sales of cigarettes from fellow members of the Common Market, the United Kingdom, and Algeria while a slight drop—to 2.4 million from 2.5 million—was recorded in sales of U.S. brands.

Sales of filter-tipped cigarettes continue to grow in popularity. They represented 18.2 percent of total sales of domestic brands last year, compared with 16.4 percent in 1962 and 13.7 percent in 1961.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF AGRICULTURE

To change your address or stop mailing, tear off this sheet and send to Foreign Agricultural Service, U.S. Dept. of Agriculture, Rm. 5918, Washington, D.C. 20250.

Cigar sales last year, at 2.9 million pounds, were up 15.6 percent from the 2.5 million of 1962. However, those of cigarillos were down 1.8 percent from the 1962 level of 838,000 pounds. Also, sales of cut tobacco, chewing tobaccos, and snuff were down 1, 8, and 10 percent, respectively.

Australia Grows Burley Tobacco

Australia is reported to have produced its first semi-commercial crop of burley tobacco this season.

The crop—grown near Ashford, New South Wales—is expected to be used in production of pipe tobacco. Currently, about 100,000 pounds of burley is used in the production of this product, which is normally imported from Nyasaland.

If the crop is successful, Australia may grow sufficient leaf to meet her future requirements. However, difficulties in curing are expected and grower returns for this kind of leaf possibly may not compare favorably with that for flue-cured. The average auction price for Australia's 1963 flue-cured crop was equivalent to 125.8 U.S. cents per pound.

WORLD CROPS AND MARKETS INDEX

Cotton

14 U.S. Cotton Exports Continue To Rise

Fats, Oilseeds, and Oils

12 Chinese Tung Oil Availabilities
12 India's Vanaspati Production Increases
13 Colombia's Edible Fats and Oils Industry Growing
13 Tunisia's Olive Oil Exports Up Slightly

Fruits, Vegetables, and Nuts

13 Iran Expects an Average Almond Crop
13 West German Tender for Cocktail Maraschino Cherries
14 Portugal's Almond Crop Forecast Above Average
14 Australian Canned Deciduous Fruit at Record

Grains, Feeds, Pulses, and Seeds

12 Canada Sells More Wheat to Communist China

Sugar, Fibers, and Tropical Products

14 India's Exports of Black Pepper Smaller
14 Yucatan Honey Production Up
14 Austria Cuts Import Duties on Coffee and Tea

Tobacco

14 French Factories Use More Tobacco
15 Australia's Output of Tobacco Products Rising
15 Rhodesian Flue-Cured Auction Prices
15 Dutch Tobacco Imports Up in 1963
15 French Tobacco Sales Up
16 Australia Grows Burley Tobacco